

BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

Case No. AC-2010-33

NEIL SCOTT SIPOS
2955 E. Hillcrest Ave., #124
Thousand Oaks, CA 91362

Certified Public Accountant License No. 68398


Respondent.

DECISION AND ORDER

The attached Stipulated Surrender of License and Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on March 4, 2011.

It is so ORDERED February 4, 2011


FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

1 KAMALA D. HARRIS
Attorney General of California
2 GREGORY J. SALUTE
Supervising Deputy Attorney General
3 HEATHER HUA
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Attorneys for Complainant

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8 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
STATE OF CALIFORNIA

10 In the Matter of the Accusation Against:

Case No. AC-2010-33

11 **NEIL SCOTT SIPOS**
12 **2955 E. Hillcrest Ave., #124**
13 **Thousand Oaks, CA 91362**

**STIPULATED SURRENDER OF
LICENSE AND ORDER**

14 **Certified Public Accountant License No. 68398**

15 Respondent.

16
17 IT IS HEREBY STIPULATED AND AGREED by and between the parties in this
18 proceeding that the following matters are true:

19 **PARTIES**

20 1. Patti Bowers (Complainant) is the Executive Officer of the California Board of
21 Accountancy. She brought this action solely in her official capacity and is represented in this
22 matter by Kamala D. Harris, Attorney General of the State of California, by Heather Hua, Deputy
23 Attorney General.

24 2. Neil Scott Sipos (Respondent) is represented in this proceeding by attorney Murray
25 Greiff, whose address is 11355 West Olympic Boulevard, Suite 100, Los Angeles, CA 90064.

26 3. On or about January 20, 1995, the California Board of Accountancy issued Certified
27 Public Accountant License No. 68398 to Respondent. The Certified Public Accountant License

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1 was in full force and effect at all times relevant to the charges brought in Accusation No. AC-
2 2010-33 and expired on November 30, 2010, and has not been renewed to date.

3 **JURISDICTION**

4 4. Accusation No. AC-2010-33 was filed before the California Board of Accountancy
5 (Board), Department of Consumer Affairs, and is currently pending against Respondent. The
6 Accusation and all other statutorily required documents were properly served on Respondent on
7 December 6, 2010. Respondent timely filed his Notice of Defense contesting the Accusation. A
8 copy of Accusation No. AC-2010-33 is attached as Exhibit A and incorporated by reference.

9 **ADVISEMENT AND WAIVERS**

10 5. Respondent has carefully read, fully discussed with counsel, and understands the
11 charges and allegations in Accusation No. AC-2010-33. Respondent also has carefully read, fully
12 discussed with counsel, and understands the effects of this Stipulated Surrender of License and
13 Order.

14 6. Respondent is fully aware of his legal rights in this matter, including the right to a
15 hearing on the charges and allegations in the Accusation; the right to be represented by counsel, at
16 his own expense; the right to confront and cross-examine the witnesses against him; the right to
17 present evidence and to testify on his own behalf; the right to the issuance of subpoenas to compel
18 the attendance of witnesses and the production of documents; the right to reconsideration and
19 court review of an adverse decision; and all other rights accorded by the California
20 Administrative Procedure Act and other applicable laws.

21 7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and
22 every right set forth above.

23 **CULPABILITY**

24 8. Respondent admits the truth of each and every charge and allegation in Accusation
25 No. AC-2010-33, and agrees that cause exists for discipline and hereby surrenders his Certified
26 Public Accountant License No. 68398 for the Board's formal acceptance.

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9. Respondent understands that by signing this stipulation he enables the Board to issue an order accepting the surrender of his Certified Public Accountant License without further process.

CONTINGENCY

10. This stipulation shall be subject to approval by the California Board of Accountancy. Respondent understands and agrees that counsel for Complainant and the staff of the California Board of Accountancy may communicate directly with the Board regarding this stipulation and surrender, without notice to or participation by Respondent or his counsel. By signing the stipulation, Respondent understands and agrees that he may not withdraw his agreement or seek to rescind the stipulation prior to the time the Board considers and acts upon it. If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated Surrender and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal action between the parties, and the Board shall not be disqualified from further action by having considered this matter.

11. The parties understand and agree that facsimile copies of this Stipulated Surrender of License and Order, including facsimile signatures thereto, shall have the same force and effect as the originals.

12. This Stipulated Surrender of License and Order is intended by the parties to be an integrated writing representing the complete, final, and exclusive embodiment of their agreement. It supersedes any and all prior or contemporaneous agreements, understandings, discussions, negotiations, and commitments (written or oral). This Stipulated Surrender of License and Order may not be altered, amended, modified, supplemented, or otherwise changed except by a writing executed by an authorized representative of each of the parties.

13. In consideration of the foregoing admissions and stipulations, the parties agree that the Board may, without further notice or formal proceeding, issue and enter the following Order:

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ORDER

IT IS HEREBY ORDERED that Certified Public Accountant License No. 68398, issued to Respondent Neil Scott Sipos, is surrendered and accepted by the California Board of Accountancy.

14. The surrender of Respondent's Certified Public Accountant License and the acceptance of the surrendered license by the Board shall constitute the imposition of discipline against Respondent. This stipulation constitutes a record of the discipline and shall become a part of Respondent's license history with the Board.

15. Respondent shall lose all rights and privileges as an accountant in California as of the effective date of the Board's Decision and Order.

16. Respondent shall cause to be delivered to the Board his wall license certificate and, if one was issued, his pocket license on or before the effective date of the Decision and Order.

17. If Respondent ever files an application for licensure or a petition for reinstatement in the State of California, the Board shall treat it as a petition for reinstatement. Respondent must comply with all the laws, regulations and procedures for reinstatement of a revoked license in effect at the time the petition is filed, and all of the charges and allegations contained in Accusation No. AC-2010-33 shall be deemed to be true, correct and admitted by Respondent when the Board determines whether to grant or deny the petition.

18. Respondent shall not apply for licensure or petition for reinstatement for one (1) year from the effective date of the Board of Accountancy's Decision and Order.

19. Respondent shall pay the Board its costs of investigation and enforcement in the amount of eleven thousand nine hundred forty two dollars (\$11,942) prior to issuance of a new or reinstated license.

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ACCEPTANCE

I have carefully read the above Stipulated Surrender of License and Order and have fully discussed it with my attorney, Murray Greiff. I understand the stipulation and the effect it will have on my Certified Public Accountant License. I enter into this Stipulated Surrender of License and Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the California Board of Accountancy.

DATED: _____

signature page attached

NEIL SCOTT SIPOS
Respondent

I have read and fully discussed with Respondent Neil Scott Sipos the terms and conditions and other matters contained in this Stipulated Surrender of License and Order. I approve its form and content.

DATED: _____

MURRAY GREIFF
Attorney for Respondent

ENDORSEMENT

The foregoing Stipulated Surrender of License and Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

Dated: January 4, 2011

Respectfully submitted,

KAMALA D. HARRIS
Attorney General of California
GREGORY J. SALUTE
Supervising Deputy Attorney General

HEATHER HUA
Deputy Attorney General
Attorneys for Complainant

ACCEPTANCE

I have carefully read the above Stipulated Surrender of License and Order and have fully discussed it with my attorney, Murray Greiff. I understand the stipulation and the effect it will have on my Certified Public Accountant License. I enter into this Stipulated Surrender of License and Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the California Board of Accountancy.

DATED: 1-6-11


NEIL SCOTT SIPOS
Respondent

I have read and fully discussed with Respondent Neil Scott Sipos the terms and conditions and other matters contained in this Stipulated Surrender of License and Order. I approve its form and content.

DATED: 1-6-11


MURRAY GREIFF
Attorney for Respondent**ENDORSEMENT**

The foregoing Stipulated Surrender of License and Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

Dated: January 6, 2011

Respectfully submitted,

KAMALA D. HARRIS
Attorney General of California
GREGORY J. SALUTE
Supervising Deputy Attorney General
HEATHER HUA
Deputy Attorney General
Attorneys for Complainant

Exhibit A

Accusation No. AC-2010-33

1 EDMUND G. BROWN JR.
Attorney General of California
2 GREGORY J. SALUTE
Supervising Deputy Attorney General
3 HEATHER HUA
Deputy Attorney General
4 State Bar No. 223418
300 So. Spring Street, Suite 1702
5 Los Angeles, CA 90013
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6 Facsimile: (213) 897-2804
Attorneys for Complainant

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8 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
9 **STATE OF CALIFORNIA**

10 In the Matter of the Accusation Against:

Case No. AC-2010-33

11 **NEIL SCOTT SIPOS**
12 **2955 E Hillcrest Ave., #124**
13 **Thousand Oaks, CA 91362**

A C C U S A T I O N

14 **Certified Public Accountant License No. 68398**

15 Respondent.

16 Complainant alleges:

17 **PARTIES**

18 1. Patti Bowers (Complainant) brings this Accusation solely in her official capacity as
19 the Executive Officer of the California Board of Accountancy, Department of Consumer Affairs.

20 2. On or about January 20, 1995, the California Board of Accountancy issued Certified
21 Public Accountant License Number 68398 to Neil Scott Sipos (Respondent). The Certified
22 Public Accountant License was in full force and effect at all times relevant to the charges brought
23 herein and will expire on November 30, 2010, unless renewed.

24 **JURISDICTION**

25 3. This Accusation is brought before the California Board of Accountancy (Board),
26 Department of Consumer Affairs, under the authority of the following laws. All section
27 references are to the Business and Professions Code unless otherwise indicated.

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1 4. Section 5100 states, in pertinent part:

2 "After notice and hearing the board may revoke, suspend, or refuse to renew any permit or
3 certificate granted under Article 4 (commencing with Section 5070) and Article 5 (commencing
4 with Section 5080), or may censure the holder of that permit or certificate for unprofessional
5 conduct that includes, but is not limited to, one or any combination of the following causes:

6 "(a) Conviction of any crime substantially related to the qualifications, functions and duties
7 of a certified public accountant or a public accountant.

8

9 "(c) Dishonesty, fraud, gross negligence, or repeated negligent acts committed in the same
10 or different engagements, for the same or different clients, or any combination of engagements or
11 clients, each resulting in a violation of applicable professional standards that indicate a lack of
12 competency in the practice of public accountancy or in the performance of the bookkeeping
13 operations described in Section 5052.

14

15 "(g) Willful violation of this chapter or any rule or regulation promulgated by the board
16 under the authority granted under this chapter.

17

18 "(i) Fiscal dishonesty or breach of fiduciary responsibility of any kind.

19

20 "(k) Embezzlement, theft, misappropriation of funds or property, or obtaining money,
21 property, or other valuable consideration by fraudulent means or false pretenses."

22 5. Section 5106 states:

23 "A plea or verdict of guilty or a conviction following a plea of nolo contendere is deemed
24 to be a conviction within the meaning of this article. The record of the conviction shall be
25 conclusive evidence thereof. The board may order the certificate or permit suspended or revoked,
26 or may decline to issue a certificate or permit, when the time for appeal has elapsed, or the
27 judgment of conviction has been affirmed on appeal or when an order granting
28 probation is made, suspending the imposition of sentence, irrespective of a subsequent order

1 under the provisions of Section 1203.4 of the Penal Code allowing such person to withdraw his
2 plea of guilty and to enter a plea of not guilty, or setting aside the verdict of guilty or dismissing
3 the accusation, information or indictment.”

4 6. Section 5060 states:

5

6 “(b) No person or firm may practice public accountancy under any name other than the
7 name under which the person or firm holds a valid permit to practice issued by the board.

8

9 7. Section 490 states:

10 “(a) A board may suspend or revoke a license on the ground that the licensee has been
11 convicted of a crime, if the crime is substantially related to the qualifications, functions, or duties
12 of the business or profession for which the license was issued.

13

14 “(c) A conviction within the meaning of this section means a plea or verdict of guilty or a
15 conviction following a plea of nolo contendere. Any action that a board is permitted to take
16 following the establishment of a conviction may be taken when the time for appeal has elapsed, or
17 the judgment of conviction has been affirmed on appeal, or when an order granting probation is
18 made suspending the imposition of sentence, irrespective of a subsequent order under the
19 provisions of Section 1203.4 of the Penal Code.”

20 8. Section 118, subdivision (b), provides that the suspension / expiration / surrender /
21 cancellation of a license shall not deprive the Board of jurisdiction to proceed with a disciplinary
22 action during the period within which the license may be renewed, restored, reissued or
23 reinstated.

24 9. Section 5109 provides that the expiration, cancellation, forfeiture, or suspension of
25 a license, practice privilege, or other authority to practice public accountancy by operation of law
26 or by order or decision of the board or a court of law, or the voluntary surrender of a license by a
27 licensee shall not deprive the board of jurisdiction to commence or proceed with any investigation
28

1 of or action or disciplinary proceeding against the licensee, or to render a decision suspending or
2 revoking the license.

3 10. Section 5107, subdivision (a), states:

4 "The executive officer of the board may request the administrative law judge, as part of the
5 proposed decision in a disciplinary proceeding, to direct any holder of a permit or certificate
6 found to have committed a violation or violations of this chapter to pay to the board all reasonable
7 costs of investigation and prosecution of the case, including, but not limited to, attorneys' fees.
8 The board shall not recover costs incurred at the administrative hearing."

9 11. Board Rule 58 (Cal. Code Regs., tit.16, § 58) of Rules of Professional Conduct
10 states that "Licensees engaged in the practice of public accountancy shall comply with all
11 applicable professional standards, including but not limited to generally accepted accounting
12 principles and generally accepted auditing standards." The AICPA *Code of Professional Conduct*
13 includes Section I-Principles and Section II-Rules. Both the Principles (Articles III and VI) and
14 the Rule 501 are relevant to the allegations herein. Rule 501 (Acts discreditable), provides that
15 "A member shall not commit an act discreditable to the profession."

16 12. California Code Regulations, title 16, section 52, states:

17 "(a) A licensee shall respond to any inquiry by the Board or its appointed
18 representatives within 30 days. The response shall include making available all files, working
19 papers and other documents requested."

20

21 **FIRST CAUSE FOR DISCIPLINE**

22 **(Substantially Related Crime)**

23 13. Respondent is subject to disciplinary action under section 5100, subdivision(a), and
24 490, in that Respondent has been convicted of crimes substantially related to the qualifications,
25 functions, or duties of a Certified Public Accountant, as set forth below:

26 **GRAND THEFT OF PERSONAL PROPERTY - FELONY**

27 a. On or about October 18, 2010, in a criminal action entitled *The People of the State of*
28 *California v. Neil Scott Sipos*, Ventura County Superior Court, Case No. 2009032292FA,

1 Respondent was convicted on his plea of guilty to seven counts of violating Penal Code section
2 487(a) (grand theft of personal property), a felony, with excessive losses over \$100,000 [Pen.
3 Code § 186.11(a)(1)] and excessive property damage over \$200,000 [Pen. Code § 12022.6(a)(2)
4 and 12022.6(b)]. Respondent has not been sentenced. A sentencing hearing is scheduled for
5 January 14, 2011.

6 Client Ms. C. D.:

7 b. The circumstances of the conviction are that Respondent was engaged by client Ms.
8 C.D.¹ (hereinafter, "client C.D.") as her accountant. Respondent requested that client C.D. make
9 the 2008 payroll tax payments payable to Respondent. Despite all the payments being cashed by
10 Respondent, the payroll tax payments of \$37,624.72 were never received by the Internal Revenue
11 Service (IRS). As of September 15, 2009, interest and penalties of \$17,903.14 were incurred.

12 c. In August 2007, Respondent requested client C.D. to make a \$25,500 payment
13 payable to him for her American Funds retirement account. Respondent cashed the funds on
14 September 4, 2007. However, when client C.D. received her retirement account statement in
15 December 2007, the funds were not deposited into her retirement account. The funds were later
16 deposited to her retirement account in January 15, 2008 after more than four months.

17 Client Mr. N. S.

18 d. Respondent was engaged by Mr. N.S. (hereinafter, "client N.S.") as his accountant.
19 Respondent requested client N.S. to make the payroll payments including the payroll tax
20 payments for the quarters ending in June, September, and December 2008 and March 2009
21 payable to him. Despite all the payments being cashed by Respondent, the payroll tax payments
22 of \$126,544.70 were never received by the IRS. As of May 5, 2010, interest, penalties and
23 collection fees of \$36,822.78 were incurred.

24 Client Mr. R.M.

25 e. Respondent was engaged by Mr. R.M. (hereinafter, "client R.M.") as his accountant.

26 _____
27 ¹ Client names have been omitted for the purpose of protecting the individual's privacy.
28 The names and contact information for the client(s) involved in this Accusation will be disclosed
upon receipt of a proper request for discovery.

1 On or about 2009, client R.M. received a notice from the IRS stating that the taxes were late.
2 Client R.M. confronted Respondent, who stated that he had "misapplied" some funds and agreed
3 to return client R.M.'s money. A letter from the IRS dated October 5, 2009, indicated that
4 client R.M.'s company owed \$10,279.55.

5 Client Ms. M.S.

6 f. Respondent was engaged by Ms. M.S. (hereinafter, "client M.S.") as her accountant.
7 Client M.S. authorized Respondent to sign her company's checks and make deposits for payment
8 to the IRS. Client M.S. discovered that Respondent failed to make deposits to the IRS.
9 Respondent admitted to client M.S. that he had been late at making the deposits about four to six
10 times over the past year or so. Client M.S. had incurred late penalties because of the late
11 deposits. A letter from the IRS indicated that \$2,090.90 was currently unpaid and due. The
12 penalty amount was \$752.65 and the interest amount was \$11.95 for a total of \$2,855.50.

13 Client Mr. A.W.

14 g. Respondent was engaged by Mr. A.W. (hereinafter, "client A.W.") as his accountant.
15 Respondent advised client A.W. to make payments payable to Respondent's company Sipos &
16 Co. Approximately in 2008, client A.W. began receiving letters from the IRS stating that he had
17 unpaid payroll taxes from the end of 2007. Respondent advised A.W. that he would handle the
18 problem. Despite Respondent's assurances, client A.W. continued to receive letters from the IRS
19 stating that he had unpaid taxes. The letters from the IRS indicated that client A.W. owed taxes
20 in the amount of \$3,600 to \$11,000.

21 **SECOND CAUSE FOR DISCIPLINE**

22 **(Fraud, Dishonesty)**

23 14. Respondent is subject to disciplinary action under section 5100, subdivision (c), on
24 the grounds of unprofessional conduct, in that Respondent committed fraudulent and dishonest
25 acts in the practice of public accountancy, as more fully discussed in paragraph 13, subdivisions
26 (a) – (g), inclusive, above, which is incorporated herein as set forth in whole.

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1 **THIRD CAUSE FOR DISCIPLINE**

2 **(Misappropriation of Funds)**

3 15. Respondent is subject to disciplinary action under Section 5100, subdivision (k), on
4 the grounds of unprofessional conduct, in that Respondent embezzled, stole, and/or,
5 misappropriated funds or property, as more fully discussed in paragraph 13, subdivisions (a) –
6 (g), inclusive, above, which is incorporated herein as set forth in whole.

7 **FOURTH CAUSE FOR DISCIPLINE**

8 **(Self-Dealing and Lack of Integrity)**

9 16. Respondent is subject to disciplinary action under Section 5100, subdivision (g), for
10 violating Board Rule 58, in conjunction with AICPA Code of Professional Conduct, in that
11 Respondent's conduct, as set forth in the preceding paragraph 13, subdivisions (a) – (g),
12 inclusive, above, constitutes self-dealing and lack of integrity.

13 **FIFTH CAUSE FOR DISCIPLINE**

14 **(Gross Negligence)**

15 17. Respondent is subject to disciplinary action under Section 5100, subdivision (c), for
16 violating professional standards and/or legal requirements, as set forth in the preceding paragraph
17 13, subdivisions (a) – (g), inclusive, above, constitutes gross negligence in the practice of public
18 accountancy because Respondent placed his own financial interest above those of his clients' and
19 its principals, and ignored professional requirements of integrity and lack of self-dealing.

20 **SIXTH CAUSE FOR DISCIPLINE**

21 **(Fiscal Dishonesty or Breach of Fiduciary Duty)**

22 18. Respondent is subject to disciplinary action under Section 5100, subdivision (i), on
23 the grounds of unprofessional conduct, in that Respondent knowingly committed fiscal
24 dishonesty, and/or, breached his fiduciary responsibility, by misappropriating his clients' funds,
25 as more fully discussed in paragraph 13, subdivisions (a) – (g), inclusive, above, which is
26 incorporated herein as set forth in whole.

27 **SEVENTH CAUSE FOR DISCIPLINE**

28 **(Failure to Properly Register Firm Name)**

1 19. Respondent is subject to disciplinary action under section 5060, subdivision (b), in
2 that Respondent failed to properly register his firm name of Sipos & Company with the California
3 Board of Accountancy. Respondent used the unregistered firm name of Sipos & Company in his
4 public accountancy practice at least from August 2007 through March 2009.

5 **EIGHTH CAUSE FOR DISCIPLINE**

6 **(Failure to Respond to Board Inquiry)**

7 20. Respondent is subject to disciplinary action under California Code of Regulations,
8 title 16, section 52, violating Board Rule 52, subdivision (a), in that Respondent failed to respond
9 to inquiry by the Board within 30 days. Specifically, Respondent did not respond within 30 days
10 to two letters by the California Board of Accountancy dated September 2 and 24, 2009 from
11 Investigator P. Fisher that were mailed to Respondent's address of record.

12 **PRAYER**


13 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
14 and that following the hearing, the California Board of Accountancy issue a decision:

15 1. Revoking or suspending or otherwise imposing discipline upon Certified Public
16 Accountant License Number 68398, issued to Respondent Neil Scott Sipos.

17 2. Ordering Respondent Neil Scott Sipos to pay the California Board of Accountancy
18 the reasonable costs of the investigation and enforcement of this case, pursuant to Business and
19 Professions Code section 5107;

20 3. Taking such other and further action as deemed necessary and proper.

21
22
23 DATED: November 22, 2010



24 **PATTI BOWERS**
25 Executive Officer
26 California Board of Accountancy
27 Department of Consumer Affairs
28 State of California
Complainant

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DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
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SACRAMENTO, CA 95815-3832
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RE: SIPOS, NEIL SCOTT
Case No. AC-2010-33

Summary of Costs

INVESTIGATIVE CPA	-	\$7,735.26
NON TECHNICAL INVESTIGATOR	-	\$459.99
ATTORNEY GENERAL	-	\$3,746.75
TOTAL		\$11,942.00